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**BERWICK - BAYOU VISTA  
JOINT WATERWORKS COMMISSION  
OF THE  
PARISH OF ST. MARY  
STATE OF LOUISIANA**

Annual Component Unit Financial Statements  
with Independent Auditors' Report

and

Independent Auditors' Report on  
Internal Accounting Control and Compliance

For the Years Ended  
September 30, 2004 and 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/18/05

BERWICK – BAYOU VISTA  
JOINT WATERWORKS COMMISSION  
IN THE  
PARISH OF ST. MARY  
STATE OF LOUISIANA  
  
FINANCIAL STATEMENTS  
  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2004 AND 2003

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## BERWICK – BAYOU VISTA JOINT WATERWORKS COMMISSION

### PARISH OF ST. MARY STATE OF LOUISIANA

#### Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of the financial performance of Berwick – Bayou Vista Joint Waterworks Commission provides an overview of the Commission's financial activities for the fiscal year ended September 30, 2004. Please read it in conjunction with the Commission's financial statements, which begin on page 7.

#### **FINANCIAL HIGHLIGHTS**

The Commission's net assets increased by \$13,494 from \$637,307 on September 30, 2003 to \$650,801 on September 30, 2004.

For the year ended September 30, 2004 the Commission's total operating revenues were \$479,715 and operating expenses were \$468,391 resulting in operating income of \$11,324.

For the year ended September 30, 2003 the Commission's total operating revenues were \$508,308 and operating expenses were \$466,194 resulting in operating income of \$42,114.

The interest earned on the money market account and the certificate of deposits was \$2,170 and \$1,877 for the years ended September 30, 2004 and September 30, 2003.

Cash and cash equivalents decreased by \$75,978 for the year ended September 30, 2004.

Cash and cash equivalents increased by \$64,408 for the year ended September 30, 2003.

#### **USING THIS ANNUAL REPORT**

This annual report consists of three parts – *Management's discussion and analysis*, the basic *financial statements*, and *supplementary information*. The basic financial statements consist of the fund financial statements and the notes to the financial statements. The fund financial statements focus on individual parts of the Commission, offering short and long-term financial information about the activities that the government operates like businesses.

#### **BASIC FINANCIAL STATEMENTS**

The basic financial statements present information for the Commission as a whole, in format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (Pages 7 & 8) presents the current and non-current portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (Page 9) presents information showing how the Commission's assets changed as a result of current operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transaction occurs. As a result, there are transactions included that will not affect cash until future periods.

The Statement of Cash Flows (Pages 10 & 11) presents information showing how the Commission's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

## FINANCIAL ANALYSIS OF THE COMMISSION

### Condensed Statements of Net Assets As of September 30, 2004 and 2003

	2004	2003	Change
Current assets	\$ 54,660	\$ 67,727	\$ (13,067)
Noncurrent assets:			
Restricted assets	159,870	230,570	(70,700)
Capital assets - net	480,958	389,466	91,492
Other assets	1,242	1,242	-
Total assets	\$ 696,730	\$ 689,005	\$ 7,725
Current liabilities:	\$ 23,929	\$ 29,698	\$ (5,769)
Noncurrent liabilities	22,000	22,000	-
Total liabilities	\$ 45,929	\$ 51,698	\$ (5,769)
Net assets:			
Invested in capital assets	\$ 481,039	\$ 389,464	\$ 91,575
Restricted	159,870	230,570	(70,700)
Unrestricted	9,892	17,273	(7,381)
Total net assets	\$ 650,801	\$ 637,307	\$ 13,494
Total liabilities and net assets	\$ 696,730	\$ 689,005	\$ 7,725

## FINANCIAL ANALYSIS OF THE COMMISSION (Continued)

Restricted net assets, represent those assets that are restricted for funding major repairs and capital outlay equipment when their cost exceed \$1,000. The Commission charges the participants a fee for their water usage and is based on a rate of 16 cents per thousand gallons consumed. For the years ended September 30, 2004 and 2003 the Commission expended \$131,468 and \$19,013 on major repairs and capital outlay.

### Condensed Statement of Revenues, Expenses and Changes in Net Assets For the Years Ended September 30, 2004 and 2003

	2004	2003	Change
Operating revenues	\$ 479,715	\$ 508,308	\$ (28,593)
Operating expenses	468,391	466,194	(2,197)
Operating income	<u>\$ 11,324</u>	<u>\$ 42,114</u>	<u>\$ (30,790)</u>
Nonoperating revenues			
Interest income	2,170	1,887	283
Total nonoperating revenues	<u>2,170</u>	<u>1,887</u>	<u>283</u>
Change in net assets	\$ 13,494	\$ 44,001	\$ (30,507)
Total net assets, beginning of year	637,307	593,306	44,001
Total net assets, end of year	<u>\$ 650,801</u>	<u>\$ 637,307</u>	<u>\$ 13,494</u>

The Commission's total revenues decreased by 5% from \$508,308 in 2003 to \$479,715 in 2004. The charge for service revenue is based on a cost sharing arrangement between the Town of Berwick, Bayou-Vista and the Joint Waterworks Commission. Each participant's monthly fee is calculated by multiplying their total percentage of water usage by the Commission's prior months operating expenses. In the year end September 30, 2004 the Commission expended \$113,075 in capital outlay as compared to \$ 0 for the year ended September 30, 2003.

## **CAPITAL ASSETS**

During the year ended September 30, 2004 and 2003, the Commission had \$568,655 and \$458,548, respectively, invested in a broad range of capital assets, including various system improvements and equipment.

## **FUTURE PLANNING**

The Berwick/Bayou Vista Waterplant continually strives to produce the highest quality water for human consumption in accordance with all current regulatory agency requirements. The U.S. EPA administers the Safe Drinking Water Act and amendments that govern various chemical, biological, nuclear and other treatment criteria and parameters. EPA has issued many rules under the authority of the Safe Drinking Water Act that water treatment plants, including Berwick/Bayou Vista, must follow.

In response to the myriad of regulations, the Berwick/Bayou Vista Waterplant has undertaken many projects and has identified several long-range capital spending items anticipated to maintain compliance with the Safe Drinking Water Act. In October 2004, painting and repairs to the plant's two clarifier units was completed at a cost of \$100,000. Long-range items under consideration are: cathodic protection systems for both clarifiers, estimated cost \$10,000; a ground storage tank, estimated cost \$500,000; on-site emergency electrical generators for both the plant and raw water intake pump station, estimated cost \$175,000;

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, participants and other interested parties with a general overview of the funds maintained by the Commission and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Billy Mayon (985) 395-9311 Berwick – Bayou Vista Joint Waterworks Commission at P.O. Box 322, Berwick, Louisiana 70342.

# ADAMS & JOHNSON

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HERBERT J. ADAMS, JR., C.P.A.

WILLIAM H. JOHNSON, III, C.P.A.

MEMBERS:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Berwick – Bayou Vista Joint Waterworks Commission  
P.O. Box 322  
Berwick, Louisiana 70342

We have audited the accompanying financial statements of Berwick – Bayou Vista Joint Waterworks Commission, a joint venture of the Town of Berwick & St. Mary Parish Water and Sewer Commission No. 2 of the State of Louisiana, as of and for the years ended September 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller general of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berwick – Bayou Vista Joint Waterworks Commission as of September 30, 2004 and 2003, and the results of its operations and the cash flows for the proprietary fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 to 4 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, as listed in the table of contents, while not considered necessary for a fair presentation of the financial statements, is presented as supplementary analytical data.



Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to auditing procedures applied in the audit of the financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated January 3, 2005 on our consideration of Berwick-Bayou Vista Joint Waterworks Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in considering the results of our audit.

A handwritten signature in cursive script that reads "Adams & Johnson".

ADAMS & JOHNSON  
Certified Public Accountants

Patterson, Louisiana  
January 3, 2005

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION  
INTERNAL SERVICE FUND  
STATEMENT OF NET ASSETS  
September 30, 2004 and 2003

ASSETS			
		<u>2004</u>	<u>2003</u>
Current assets:			
Cash	\$	10,311	\$ 15,212
Due from Participants		35,918	41,010
Prepaid Insurance		8,431	11,505
Total Current Assets	\$	<u>54,660</u>	<u>\$ 67,727</u>
Noncurrent Assets:			
Restricted Assets:			
Cash	\$	125,530	\$ 196,975
Certificate of Deposit		28,339	27,971
Due from Participants		5,918	5,532
Accrued Interest		83	92
Deposits		1,242	1,242
Capital assets (net of accumulated depreciation)		480,958	389,466
Total Noncurrent Assets		<u>642,070</u>	<u>621,278</u>
Total Assets	\$	<u><u>696,730</u></u>	<u><u>\$ 689,005</u></u>

The accompanying notes are an integral part of these financial statements.

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION  
INTERNAL SERVICE FUND  
STATEMENT OF NET ASSETS  
September 30, 2004 and 2003

LIABILITIES AND NET ASSETS

	<u>2004</u>	<u>2003</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 19,648	\$ 26,547
Payroll Taxes Payable	1,039	917
Retirement Payable	3,242	2,234
Total Current Liabilities	<u>\$ 23,929</u>	<u>\$ 29,698</u>
Noncurrent Liabilities:		
Due to Participants	22,000	22,000
Total Noncurrent Liabilities	<u>22,000</u>	<u>22,000</u>
Total Liabilities	<u>\$ 45,929</u>	<u>\$ 51,698</u>
Net Assets		
Invested in Capital Assets	\$ 480,958	\$ 389,466
Restricted	159,870	230,570
Unrestricted	9,973	17,271
Total Net Assets	<u>650,801</u>	<u>637,307</u>
Total Liabilities and Net Assets	<u><u>\$ 696,730</u></u>	<u><u>\$ 689,005</u></u>

The accompanying notes are an integral part of these financial statements.

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION  
INTERNAL SERVICE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
September 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating Revenues:		
Charges for Services	\$ 409,356	\$429,113
Repair and Replacement Fee	<u>70,359</u>	<u>79,195</u>
Total Operating Revenue	\$ 479,715	\$508,308
Operating Expenses:		
Advertising	\$ 663	\$ 441
Auto	3,232	3,391
Chemicals	82,635	109,231
Insurance	51,546	45,124
Secretary/Bookkeeping	8,070	8,000
Legal and Accounting	4,800	3,575
Miscellaneous	85	347
Supplies	3,816	3,374
Repairs and Maintenance	9,315	11,307
Major Repairs	18,393	19,013
Salaries	147,954	142,383
Taxes - Payroll	62	63
Utilities	69,817	69,271
Retirement	18,517	15,854
Engineering	17,078	4,057
Depreciation	21,583	21,246
Dues and Subscriptions	1,607	2,498
Lab Fees	6,588	4,589
Uniforms	2,200	2,300
Licenses	<u>430</u>	<u>130</u>
Total Operating Expenses	468,391	466,194
Operating Income	\$ 11,324	\$ 42,114
Nonoperating Revenue:		
Interest Income	<u>2,170</u>	<u>1,887</u>
Total Nonoperating Revenues	2,170	1,887
Change in Net Assets	\$ 13,494	\$ 44,001
Net Assets, Beginning	<u>637,307</u>	<u>593,306</u>
Net Assets, Ending	<u><u>\$ 650,801</u></u>	<u><u>\$637,307</u></u>

The accompanying notes are an integral part of these financial statements.

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION  
INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
For the Years Ended September 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities:		
Cash Received from Participants	\$ 484,421	\$ 507,682
Cash Payments for Personal Services	(147,954)	(142,383)
Cash Payments for Supplies and Operating Services	<u>(301,549)</u>	<u>(302,814)</u>
Net Cash provided by Operating Activities	\$ 34,918	\$ 62,485
Cash Flow (Used By) Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(113,075)	---
Cash Flows from Investing and Nonoperating Revenue and Expense Activities:		
Interest Income	<u>2,179</u>	<u>1,923</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (75,978)	\$ 64,408
Cash and Cash Equivalents at Beginning of year	<u>240,158</u>	<u>175,750</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 164,180</u></u>	<u><u>\$ 240,158</u></u>

*The accompanying notes are an integral part of these financial statements.*

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION  
INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
For the Years Ended September 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 11,324	\$ 42,114
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	21,583	21,246
Change in Assets and Liabilities:		
(Increase) Decrease in Due from Participants	4,706	(626)
(Increase) Decrease in Prepaid Insurance	3,074	(1,586)
(Decrease) Increase in Accounts Payable	(6,899)	834
Increase in Payroll Taxes	122	113
Increase in Retirement Payable	<u>1,008</u>	<u>390</u>
Net Cash Provided by Operating Activities	<u>\$ 34,918</u>	<u>\$ 62,485</u>

The accompanying notes are an integral part of these financial statements.

BERWICK – BAYOU VISTA JOINT WATERWORKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

September 30, 2004 and 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Berwick-Bayou Vista Joint Waterworks Commission was established in 1961 as a joint venture between the Town of Berwick and St. Mary Parish Water and Sewer Commission No. 2. The Commission is composed of, and managed by, four board members. The Commission's sole responsibility and duty is to maintain, operate, administer and produce water for human consumption by utilizing the Joint Waterworks System.

The accounting and reporting policies of the Commission conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517, and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A) Fund Structure:

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities, or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**PROPRIETARY FUND TYPE**

Internal Service Fund – An Internal Service fund is used to account for the financing of special activities and services performed by a designated organizational unit, within a governmental jurisdiction for other organizational units within the same governmental jurisdiction.

B) Basis of Accounting:

The Commission has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B) Basis of Accounting (Continued)**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The Commission's accounting system uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C) Investments:**

All investments are recorded at the fair value on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**D) Accumulated Vacation, Compensatory Time and Sick Leave:**

Accumulated vacation, compensatory time and sick leave are recorded as an expenditure of the period in which earned. At September 30 2004 and 2003, unrecorded liabilities for the above are an immaterial amount.

**E) Property, Plant, and Equipment:**

Property, plant, and equipment are stated at historical cost or estimated historical cost if actual historical cost is not available. Additions, improvements, and expenditures that add materially to productive capacity, or extend the life of an asset, are capitalized.

Depreciation is charged as an expense against operations. Depreciation has been provided over the estimated economic lives of the assets by the straight-line method. The estimated useful lives are as follows:

Equipment	5 – 40 years
Improvements	10 – 40 years

**F) Statement of Cash Flows:**

For the purposes of the statement of cash flows, the Berwick-Bayou Vista Joint Waterworks Commission considers all cash and certificates of deposit with a maturity of less than one year, including restricted assets, to be cash or cash equivalents.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G) Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H) Reporting Entity:

Berwick-Bayou Vista Joint Waterworks Commission was established by a joint venture between two participants, the Town of Berwick and the St. Mary Parish St. Mary Parish Water and Sewer Commission No. 2. The Commission's sole responsibility and duty is to maintain and operate the Joint Waterworks system. Each participant accounts for their equity interest in Berwick-Bayou Vista Joint Waterworks on their own financial statement.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Statutes authorize the Commission to invest in certificates of deposit, repurchase agreements, passbooks, bankers acceptances and other available bank investments provided that approved securities are pledged to secure those funds on deposit, as required. Cash and interest bearing deposits as of September 30, 2004 and 2003 were as follows:

	September 30 2004	September 30 2003
	-----	-----
Demand deposits	\$ 10,311	\$ 15,211
Money market accounts	125,530	196,975
Certificate of deposit	28,339	27,972
	-----	-----
Total	\$ 164,180	\$ 240,158
	=====	=====

**NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**

The District's cash and investments are categorized to give an indication of the level of risk assumed by the District at September 30, 2004 and 2003:

Category 1 - Insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Uncollateralized or securities uninsured or unregistered and held by the counter party.

Cash and investments categorized by the level of risk are:

	<u>9-30-04</u>	<u>9-30-03</u>
Category 1	\$ 110,311	\$ 115,211
Category 2	\$ 53,869	\$ 124,947
Category 3	\$ ----	\$ ----
	-----	-----
Total Cash and Investments	\$ 164,180	\$ 240,158
	=====	=====

**NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT**

Depreciation was \$21,583 and \$21,246 for the years ended September 30, 2004 and 2003.

<u>Property</u>	<u>Balance 9-30-03</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 9-30-04</u>
Improvements	\$420,172	\$ 101,056	\$ ----	\$521,228
Equipment	38,376	12,019	<2,968>	47,427
Accumulated Depreciation	< 69,082 >	< 21,583 >	2,968	< 87,697 >
	-----	-----	-----	-----
Net of Accum. Depreciation	\$389,466			\$480,958
	=====			=====

#### **NOTE 4 - PENSION PLAN**

All full-time employees of Berwick – Bayou Vista Joint Waterworks Commission are members of the Parochial Employees Retirement Systems of Louisiana, multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of Berwick – Bayou Vista Joint Waterworks Commission are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Berwick – Bayou Vista Joint Waterworks Commission funds are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years of creditable service or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Covered employees are required by the State Legislature to contribute 3.00% of their gross salary to the plan. The Commission was required by the same statute to contribute 5.25% in 2004 and 3.75% in 2003 of each employee's gross salary to the plan. The Commission's contributions for the year ended September 30, 2004 and 2003 were \$ 7,199 and \$ 4,962.

**NOTE 4 - PENSION PLAN (Continued)**

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee Retirement System, Post Office Box 14619, Baton Rouge, Louisiana, 70898-4619 or by calling (225) 928-1361.

Retirement Plan – All Berwick – Bayou Vista Joint Waterworks Commission's employees are covered under the Federal Insurance Contribution Act (Social Security). The Commission's Contributions for the above plan totaled \$ 11,318 and \$ 10,892 for the years ended September 30, 2004 and 2003. This was paid to the respective retirement systems which are responsible for administering the plan.

**NOTE 5 - BOARD OF COMMISSIONERS**

The Board of Commissioners consists of four members, two each appointed by the Town and the District. According to the terms of the agreement, any compensation or expense reimbursement is to be paid by the Town and the District. For the years ended September 30, 2004 and 2003, no payments were made by Berwick-Bayou Vista Joint Waterworks Commission to the Board of Commissioners.

**NOTE 6 - TOTAL DUE TO AND FROM PARTICIPANTS**

Due from other governmental units consist of unrestricted and restricted receivables as follows:

	<u>September 30, 2004</u>	
	<u>Due from</u>	<u>Due to</u>
Town of Berwick	\$ 20,240	\$12,250
St. Mary Parish Water and Sewer Commission No.2	20,596	9,750
	-----	-----
Totals	\$ 41,836	\$ 22,000
	=====	=====
	<u>September 30, 2003</u>	
	<u>Due from</u>	<u>Due to</u>
Town of Berwick	\$ 22,312	\$12,250
St. Mary Parish Water and Sewer Commission No.2	24,230	9,750
	-----	-----
Totals	\$ 46,542	\$ 22,000
	=====	=====

**NOTE 7 - RESTRICTED ASSETS**

These funds are set aside for major repairs and capital outlays. Any repairs or capital outlays in excess of \$1,000 are to be paid with these funds. The Commission obtains these funds from the Town and the District by charging a fee of 16 cents per 1,000 gallons of water consumed, until \$200,000 has been accumulated to meet emergency repairs or capital outlay needs.

**NOTE 8 - RETAINED EARNINGS – RESERVED**

The Commission's regulations indicate that a portion of the fund equity can only be used for certain future uses. At the statement date, these funds can only be used for future repairs and capital outlay that exceed \$1,000. Current regulations allow up to \$200,000 of reserved retained earnings to be accumulated for these emergency repairs or capital outlay needs.

**NOTE 9 - REPAIR AND REPLACEMENT FEE**

This is the source of funding for major repairs and capital outlay equipment that exceed \$1,000. This fee is charged to the participants based on their water usage and is based on a rate of 16 cents per thousand gallons.

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION

SCHEDULE OF INSURANCE IN FORCE  
For the Year Ended September 30, 2004  
(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amt. of Coverage</u>	<u>Exp. Date</u>
LA Workers' Comp. Corp.	Workers' Compensation		8/30/2005
	By Accident	\$ 100,000	
	Aggregate	\$ 500,000	
	Each Employee	\$ 100,000	
American Alternative Ins.	General Liability		5/16/2005
	Bodily Injury:		
	Each Occurrence	\$ 1,000,000	
	Aggregate	\$ 3,000,000	
	Medical:		
	Each Occurrence	\$ 10,000	
American Alternative Ins.	Auto Liability		5/16/2005
	Aggregate	\$ 1,000,000	
Allstate	Property		10/1/2004
	Plant	\$ 1,146,000	
	Personal Property	\$ 549,450	

BERWICK - VISTA JOINT WATERWORKS COMMISSION

SCHEDULE OF INSURANCE IN FORCE  
For the Year Ended September 30, 2003

(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amt. of Coverage</u>	<u>Exp. Date</u>
LA Workers' Comp. Corp.	Workers' Compensation		Paid
	By Accident	\$ 100,000	Quarterly
	Aggregate	\$ 500,000	
	Each Employee	\$ 100,000	
American Alternative Ins.	General Liability		
	Bodily Injury:		
	Each Occurrence	\$ 1,000,000	5/16/2004
	Aggregate	\$ 3,000,000	
American Alternative Ins.	Auto Liability		
	Each Accident	\$ 100,000	5/16/2004
American Alternative Ins.	Professional Liability		5/16/2004
	Each Occurrence	\$ 1,000,000	
	Aggregate	\$ 3,000,000	
Allstate	Property		10/1/2003
	Plant	\$ 3,679,560	
	Personal Property	\$ 687,102	

BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION  
INTERNAL SERVICE FUND

SUMMARY OF CHARGES FOR THE PAST TWENTY-EIGHT REPORTING PERIODS

Ended June 30,	Berwick		Bayou Vista		Cents Per 1,000 Gallons
	Gallons	\$	Gallons	\$	
78	263,269,420	68,225	179,358,000	46,477	26.05
79	275,828,584	75,390	185,655,490	50,980	27.38
80	311,008,035	84,096	224,603,420	60,751	27.04
81	294,186,077	90,570	212,701,204	65,454	30.78
82	298,637,000	111,504	195,631,000	73,202	37.37
83	272,023,000	106,839	212,889,000	83,697	39.29
84	283,259,000	114,403	218,422,000	87,816	40.31
85	280,762,000	124,353	215,907,000	95,852	44.34
86	258,536,000	116,925	204,466,000	93,126	45.36
Ended Sept. 30,					
* 86	56,045,000	25,864	48,299,000	22,284	46.14
87	225,179,000	114,717	181,487,000	92,062	50.85
88	254,680,000	136,405	187,218,000	98,924	53.25
89	230,482,000	142,833	176,468,000	108,091	61.66
90	253,420,000	151,959	184,384,000	110,023	59.84
91	252,599,000	160,078	195,931,000	123,066	63.13
92	274,016,000	163,554	189,396,000	111,456	59.34
93	261,222,000	169,386	171,655,000	110,315	64.61
94	256,149,000	162,394	175,131,000	111,204	63.43
95	255,287,000	173,234	193,936,000	131,685	67.88
96	266,766,000	188,838	178,998,000	126,108	70.65
97	271,409,000	177,084	189,729,000	123,526	65.19
98	260,745,000	170,995	190,295,000	125,610	65.76
99	268,190,000	173,602	190,579,000	120,299	64.06
00	288,728,000	207,975	198,636,000	150,648	73.58
01	315,044,000	219,381	200,455,000	139,941	69.70
02	296,017,000	234,802	234,802,000	162,178	74.79
03	266,574,000	228,867	228,397,000	200,246	86.69
4	217,611,000	202,580	222,132,000	206,776	93.08

\* Three Month Period



BERWICK - BAYOU VISTA JOINT WATERWORKS COMMISSION

SCHEDULE OF CERTIFICATES OF DEPOSIT  
For the Years Ended September 30, 2004 and 2003

September 30, 2004

<u>Security</u>	<u>Maturity</u>	<u>Rate</u>	<u>Value</u>
Certificate of Deposit - Mid South Bank	4/5/2005	1.15%	\$ 28,339
Total Certificate of Deposit			<u>\$ 28,339</u>

September 30, 2003

<u>Security</u>	<u>Maturity</u>	<u>Rate</u>	<u>Value</u>
Certificate of Deposit - Mid South Bank	4/5/2004	1.35%	<u>\$ 27,971</u>
Total Certificate of Deposit			<u>\$ 27,971</u>

BERWICK – BAYOU VISTA JOINT WATERWORKS COMMISSION  
IN THE  
PARISH OF ST. MARY  
STATE OF LOUISIANA

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

YEARS ENDED SEPTEMBER 30, 2004 AND 2003

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
Berwick – Bayou Vista Joint Waterworks Commission  
P.O. Box 322  
Berwick, Louisiana 70342

We have audited the basic financial statements of the Berwick – Bayou Vista Joint Waterworks Commission for the years ended September 30, 2004 and 2003, and have issued our report thereon dated January 3, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Berwick – Bayou Vista Joint Waterworks Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Berwick – Bayou Vista Joint Waterworks Commission's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Berwick – Bayou Vista Joint Waterworks Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable condition is described in the accompanying schedule of findings and questioned cost as Item 04-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe Item 03-1 to be a material weakness.

This report is intended solely for the use of management, the participants, and the Louisiana Legislative Auditor, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Berwick – Bayou Vista Joint Waterworks Commission is a matter of public record.



ADAMS & JOHNSON  
Certified Public Accountants

Patterson, Louisiana  
January 3, 2005

BERWICK – BAYOU VISTA JOINT WATERWORKS COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2004

**A. Summary of Audit Results:**

1. The auditors' report expresses an unqualified opinion on the financial statements of Berwick – Bayou Vista Joint Waterworks Commission.
2. No instances of noncompliance material to the financial statements of Berwick – Bayou Vista Joint Waterworks Commission, which would be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. One reportable condition in internal control, which is a material weakness see finding Item 04-01.

**B. Findings:**

04-01 Finding: Lack of segregation of duties.

Cause: Our examination disclosed that there is not any segregation of duties within the Commission's accounting function, (especially in the areas of cash receipts, bank reconciliations, cash disbursements, general ledger, and journal entries). This weakness is due to the fact that the Commission sub-contracts out this bookkeeping function to an accountant. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, since the Commission doesn't have any employees hired to handle the accounting function and they sub-contract this service out, the most ideal system of internal control or the most desirable accounting system may not be practicable. Also the cost of hiring employees to handle the accounting function might exceed any benefits gained. The management of the Commission is well aware of the loss of internal control that results with their sub-contracting of the accounting functions and are constantly on watch for any problems that would occur.

Recommendation: Based upon the cost-benefit of hiring accounting personnel, it may not be feasible to achieve complete segregation of duties. We recommend that management continue to closely monitor all records and transactions.

Response: Management concurs with recommendations.

BERWICK – BAYOU VISTA JOINT WATERWORKS COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS

*For the Year Ended September 30, 2003*

**A. Summary of Prior Findings:**

Finding: Lack of segregation of duties.

Status: This finding still exist see 04-01 on the schedule of the current year findings and questioned cost.